

14th

Annual Report

2012-13



LSE Securities Limited

Regd. Off.: SCO 50-51, 1st Floor, Sector 34-A, Chandigarh -160022

Corp Off.: 1st Floor, Ludhiana Stock Exchange Bldg., Feroze Gandhi Market, Ludhiana -141001

BOARD OF DIRECTORS

Mr. Vishal Goomber*
Chairman

Mr. Krishan Kant Puri
Vice Chairman

Mr. Sukhjiwan Rai
Member

Mr. Lalit Kishore Jain
Member

Mr. Naresh Sareen
Member

Dr. Prem Kumar
Public Representative Director

Mr. Ajay Chaudhry
Public Representative Director

Dr. Rakesh Kumar Gupta
Public Representative Director

Mr. Ashish Aggarwal
Public Representative Director

Mr. Vinesh Kumar
Public Representative Director

Mrs. Pooja M. Kohli
LSE Representative Director

*Resigned w.e.f. 20.06.2013

CONTENT

Sr. No.	Particulars	Page No.
1.	Company Details	2
2.	Notice	3
3.	Directors' Report	5
4.	Independent Auditors' Report	10
5.	Annexure to Auditors' Report	12
6.	Balance Sheet	15
7.	Profit & Loss Account	16
8.	Notes Forming Part of Balance Sheet	17
9.	Notes to Financial Statement	19
10.	Proxy	29

Venue

14th Annual General Meeting

At Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh

COMPANY DETAILS

BOARD OF DIRECTORS

Mr. Vishal Goomber*	Chairman
Mr. Krishan Kant Puri	Vice Chairman
Mr. Sukhjiwan Rai	Member
Mr. Lalit Kishore Jain	Member
Mr. Naresh Sareen	Member
Dr. Prem Kumar	Public Representative Director
Mr. Ajay Chaudhry	Public Representative Director
Dr. Rakesh Kumar Gupta	Public Representative Director
Mr. Ashish Aggarwal	Public Representative Director
Mr. Vinesh Kumar	Public Representative Director
Mrs. Pooja M. Kohli	LSE Representative Director

*Resigned w.e.f. 20.06.2013

Registered Office:

SCO 50-51, First Floor, Sector 34-A,
Chandigarh – 160 022
Tele No.: 0172-3258091

Statutory Auditors:

M/s Anoop K. Goel & Co.
Add: 152H, Lane-3, Adj. Jassal Engg.
GTB Nagar, Chandigarh Road,
Ludhiana – 141 010

Trading cum Clearing Member:

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Trading Member:

MCX-SX Stock Exchange

LEADERSHIP TEAM

Ms. Ashima Arora	AGM cum Company Secretary
Mr. Madhur Gupta	HOD - IT
Mr. Vinay Mahajan	HOD - DP
Mr. Vipen Goyal	HOD – Clearing & Sett.
Mr. Ravinder S. Saini	HOD – Accounts – II
Mr. Meenakshi Aggarwal	HOD – KYC
Mr. Rajinder Pal Singh	HOD - Margin
Mr. Pawan Bhardwaj	HOD - Membership
Ms. Paramjeet Kaur	HOD – Surveillance & HR

Corporate Office:

1st Floor, Ludhiana Stock Exchange Building,
Feroze Gandhi Market, Ludhiana – 141 001
Tele No.: 0161-2405756, 5068133

Internal Auditors:

M/s R.K. Deepak & Co.
527 – R, 2nd Floor, Citi Tower,
Model Town, Ludhiana – 141 002

Depository Participants:

National Securities Depository Limited
Central Depository Services (India) Limited

Bankers

HDFC Bank, Oriental Bank of Commerce, Indusind Bank,
ICICI Bank, Yes Bank, Axis Bank, State Bank of India

DP Branches

Amritsar

35-36, 2nd Floor, Deep Complex,
Opp. Centurion Bank of Punjab
Court Road, Amritsar – 143001
Ph.: 0183-2542212, 5018601-02

Ferozepur

Shop No. 39, Housing Board
Colony. Commercial Area.
Ferozpur City – 152 002
Ph.: 01635-503438

Chandigarh

SCO 50-51, First Floor, Sector 34-A,
Adj. Mukat Hospital
Chandigarh – 160 022
Tele No.: 0172-3258091, 5065459-60

Sangrur

Near Main Post Office,
Banasar Bagh Road,
Sangrur – 148 001
Ph.: 01672-503281

Jalandhar

1st Floor, Milbertan Building,
Opp. Govt. Girls Higher Secondary
School, PNB Chaowk, Jalandhar-144
001
Ph.: 0181-5012689

Una

Chaudhary Ram Saran Saini Complex,
Opp. Bust Stand, Distt. Una (H.P.)
Ph.: 01975-224245

Website: www.lse.co.in

E-mail: igc@lssl.com (for investors), admin@lssl.com, cgm@lssl.com

LSE SECURITIES LIMITED

Registered office: SCO 50-51, 1st floor, Sector 34-A, Chandigarh 160 022.

NOTICE

Notice is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the Members of LSE SECURITIES LIMITED will be held on Saturday, the 28th day of September, 2013 at 12:30 P.M at Hotel Park View, Sector 24, Near Indira Holiday Home, Chandigarh to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Profit and Loss Account for the year ended 31st March, 2013 the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Sukhjiwan Rai, who retire by rotation in terms of Article 81(a) of Articles of Association of the Company and does not offer himself for the re-appointment.
4. To appoint a Director in place of Mr. Lalit Kishore Jain, who retire by rotation in terms of Article 81(a) of Articles of Association of the Company and does not offer himself for the re-appointment.
5. To appoint a Member Director in terms of Article 81 (a) of Articles of Association of the Company.
6. To appoint Mr Bir Pal Singh, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
7. To appoint Mr. Ajay Chaudhry Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
8. To appoint Dr. Rakesh Kumar Gupta, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
9. To appoint Mr. Ashish Aggarwal, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
10. To appoint Mr. Vinesh Kumar, Public Representative Director, who retires at the conclusion of the Annual General Meeting. However, he shall continue in terms of Article 81(g) of Articles of Association of the Company till the new Public Representative is appointed in his place.
11. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration. M/s. Anoop Goel & Co. Chartered Accountants, the retiring Auditors are eligible for re-appointment as Statutory Auditors of the Company.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The shares of the Company are held in physical form. Any member who transfers his shares to any person has to seek approval from the Board of the LSE Securities Ltd subject to prior approval from BSE, NSE and MCX-SX Stock Exchanges.
4. The dividend declared, if any, will be paid to those Share-Holders whose names appear in the Register of Members after affecting the valid transfer requests lodged and affected by the Company on or before up to 21.09.2013 (Saturday) upto 5:30 P.M subject to approval of NSE, BSE, MCX-SX Stock Exchanges.
5. The Register of Members and the Share Transfer Book of the Company will remain closed from 23.09.2013 (Monday) to 27.09.2013 (Friday) for ascertaining the names of the Shareholders to whom the dividend which if any declared at the Annual General Meeting is payable.
6. Members are requested to write to the Company at least ten days before the meeting for obtaining any information as regards to accounts and operations of the Company so that the same could be complied in advance.
7. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

By order of the Board

FOR LSE SECURITIES LIMIED

Place: LUDHIANA
Date: SEPTEMBER 02, 2013

Sd/-
VARUN MADAN
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in submitting the Fourteenth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2013.

1. REVIEW OF OPERATIONS

Your Company's performance during the year as compared with that during the previous year is summarized below.

Sr.No.	PARTICULARS	(Amount in ₹ Lacs)	
		31.03.2013	31.03.2012
1.	Profit Before Depreciation, Interest and Tax (PBDIT)	152.17	266.20
2.	Depreciation	(10.39)	(15.06)
3.	Interest	NIL	NIL
4.	Profit Before Tax (PBT)	141.78	251.14
5.	Provision for Taxation		
	a. Current	(43.18)	(74.42)
	b. Deferred	1.16	1.12
	c. Earlier Years	0.04	3.02
6.	Profit After Tax (PAT)	99.80	180.86
7.	Balance brought forward from previous years	799.74	687.00
	Planned Gratuity Assets belonging to F. Y.		0
8.	Profit available for appropriation	899.54	867.86
9.	Appropriations		
	a. Transfer to Capital Redemption reserve	(7.90)	-
	b. Transfer to General Reserve	(2.50)	
	c. Proposed Dividend		
	i) Interim Dividend	-	(32.21)
	ii) Dividend on Equity Shares	(77.30)	(25.77)
	iii) Dividend on Preference Shares	-	(0.63)
	d. Dividend paid on Preference Shares	(0.22)	-
	e. Corporate Dividend Tax	(12.58)	(9.51)
10.	Surplus carried to Balance Sheet	799.04	799.74
11.	Earning Per Share (EPS)		
	a. Basic	1.55	2.81
	b. Diluted	1.55	2.81

2. OPERATING RESULTS

During the year under review, the Company has earned Profit before Depreciation, Interest and Tax (PBDIT) of ₹ 152.17 Lacs and earned Gross Income of ₹ 473.37 Lacs in the current year.

Profitability

Your Company's net profits after tax is ₹ 99.80 Lacs. Your Company's accumulated profits available for appropriation are ₹ 891.64 Lacs as compared to ₹ 867.86 Lacs in the corresponding previous year. Similarly, the net worth of the company as on 31.03.2013 stood at ₹ 1545.70 Lacs as compared to ₹ 1535.99 Lacs during the corresponding previous year.

Turnover

During the year under review, your Company has been able to achieve an average daily turnover of ₹ 19.51 Crores in "Capital Market" (CM) & ₹ 277.59 Crores in Futures & Options" (F&O) Segments of National Stock Exchange of India Limited and ₹ 7.38 Crores in "Capital Market: (CM) Segment of the Bombay Stock Exchange, Mumbai. Further Depository Income as on 31.03.2013 is ₹ 117.51 Lacs.

3. DIVIDEND

The Board of Directors has recommended payment of final dividend @ 12% on Equity Shares for the financial year ended 31.03.2013. The total dividend outgo including preference dividend and tax thereon will be ₹ 90.10 Lacs as against ₹ 68.12 Lacs in the corresponding previous year.

4. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**a) Trading at NSE and BSE in Capital Market Segment**

During the year under review, your company has recorded a turnover of ₹ 4879.59 Crores and ₹ 1845.81 Crores in Capital Market Segment of the National Stock Exchange of India Limited and the Bombay Stock Exchange, Mumbai respectively. As on 31.03.2013, there have been total 164 SEBI Registered Sub-Brokers of the Company in NSE and 126 SEBI Registered Sub-Brokers in BSE.

b) F&O Segment of NSE

During the year under review, your company has recorded a turnover of ₹ 69397.59 Crores in the Futures & Options Segment of National Stock Exchange of India Limited.

c) Currency Segment

The turnover in Currency Derivatives was ₹ 1003.22 Crores in NSE, ₹ 49.73 Crores in MCX-SX Stock Exchange during the year.

d) Depository Participant Services

The business of the Depository Participant (DP) is increasing day by day. During the year under review, your Company has opened 930 new accounts in CDSL, 145 accounts in NSDL and 42 accounts in Commodities.

e) Client Registration Department

During the year under review, your Company has registered around 825 clients and successfully implemented all compliances as framed by SEBI, NSE, BSE and MCX-SX Stock Exchanges.

f) Future Outlook

Your Company has got the membership of BSE Derivatives Segment and. After commencement of trading by the Company in BSE Derivatives Segment the business of the Company is expected to grow. Your Company has also applied for the Membership of MCX-SX for cash and derivatives segments, on the approval of the membership business of the Company will also grow.

g) The financial irregularity committed by the Ex-Chairman in the month of April and May 2013, came to light in June 2013. Prompt action was taken by the Company and there was no financial loss incurred to the Company on this account. Suitable action was taken against the Director.

5. COMPOSITION AND CATEGORY OF THE DIRECTORS

NAME OF THE DIRECTOR	CATEGORY	DESIGNATION
Mr. Vishal Goomber*	Non Executive Director	Chairman
Mr. Krishan Kant Puri	Non-Executive Director	Vice-Chairman
Mr. Sukhjiwan Rai	Non-Executive Director	Member-Director
Mr. Naresh Sareen	Non-Executive Director	Member-Director
Mr. Lalit Kishore Jain	Non-Executive Director	Member-Director
Dr. Prem Kumar	Independent and Non-Executive Director	Public Representative Director
Mr. Ajay Chaudhry	Independent and Non-Executive Director	Public Representative Director
Dr. Rakesh Kumar Gupta	Independent and Non-Executive Director	Public Representative Director
Mr. Ashish Aggarwal	Independent and Non-Executive Director	Public Representative Director
Mr. Vinesh Kumar	Independent and Non-Executive Director	Public Representative Director
Mrs. Pooja M. Kohli	Non-Executive Director	LSE Representative Director

*** Resigned w.e.f 20.06.2013**

At present, Mr. Krishan Kant Puri, Mr. Naresh Sareen, Mr. Sukhjiwan Rai and Mr. Lalit Kishore are the Member-Directors on the Board of the Company and in accordance with Article 81(a) of the Articles of Association of the Company. Mr. Sukhjiwan Rai and Mr. Lalit Kishore Jain being longest in the office are liable to retire by rotation at the ensuing Annual General Meeting and does not offer themselves for the re-appointment. Such elected Director on the Board of the Company shall have a gap of at least one year after a consecutive period of two years before their re-appointment on the Board of Directors.

Members of the Board are informed that with the resignation of Mr. Vishal Goomber from the directorship, therefore, there are three vacancies of Directorship which are to be filled among Member-Directors in the ensuing Annual General Meeting of the Company.

Presently, Mr. Bir Pai Singh, Mr. Ajay Chaudhry, Dr. Rakesh Kumar Gupta, Mr. Ashish Aggarwal, Mr. Vinesh Kumar are the Public Representative Directors on the Board of the Company and shall continue to hold the office of the Board of the Company in terms of Article 81(g) of the Articles of Association.

Your Directors place on record the appreciation for sincere, dedicated and valuable services rendered by the above named gentlemen to the Company.

6. CORPORATE GOVERNANCE**AUDIT COMMITTEE**

The Audit Committee of your Company comprises of Mr. Ajay Chaudhry as Chairman followed by Mr. Vinesh Kumar, Mr. Satish K. Bansal, Mr. Rajiv Gupta, Mr. Ashish Aggarwal, Mr. Vishal Goomber, Mr. Sudhir Kumar, Mr. Jaspal Singh, Mr. R.K. Verma and Mr. D.P. Gandhi as Members of the Committee. The Audit Committee has reviewed the Final Accounts of the Company before these were submitted for the consideration of the Board.

COMPUTER COMMITTEE

The Computer Committee of your Company comprises of Mr. Vishal Goomber as Chairman followed by Mr. Jatinder Garg, Mr. Vineet Suri, Mr. Sukhjiwan Rai, Mr. Rakesh Gupta, Mr. Jaspal Singh, Mr. Rakesh Jain, Mr. Harish Nagpal, Mr. Baldev Raj Kalra, Mr. Sanjeev Aggarwal and Mr. Munish Sood as Members of the Committee.

HUMAN RESOURCE MANAGEMENT COMMITTEE

The Human Resource Management Committee of your Company comprises of Mr. Jaspal Singh as Chairman followed by Mr. Vishal Goomber, Dr. Rakesh Kumar Gupta, Mr. Ajay Chaudhry, Mr. Tarvinder Dhingra, Dr. Prem Kumar, Mr. Vijay Singhania, Mr. Munish Sood, Mr. Ashwani Kumar Aggarwal, Mr. Dhiraj Ghai and Mr. D.P. Gandhi as Members of the Committee.

TRADING BUSINESS DEVELOPMENT COMMITTEE

The Trading Business Development Committee of your Company comprises of Mr. Vishal Goomber as Chairman followed by Mr. Anil Aggarwal, Mr. Munish Sood, Mr. Dhiraj Ghai, Mr. Lalit Kishore Jain, Mr. Vijay Singhania, Mr. Harish Chander Kohli, Mr. Ashish Aggarwal, Mr. Chanpreet Singh, Mr. Vijay Vinod and Mr. Sanjeev Aggarwal as Members of the Committee.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of your Company comprises of Mr. Vishal Goomber as Chairman followed by Mr. Jaspal Singh, Mr. Vinesh Kumar, Mr. Sudhir Kumar, Mr. Ashish Aggarwal, Mr. Ashwani Aggarwal, Mr. Sanjay Anand, Mr. Rakesh Gupta, Mr. Anil Aggarwal, Dr. Prem Kumar, Mr. Ajit Singh Chawla, Mr. Munish Sood, Mr. Sridhar Mallawat, Mr. Ajay Batra, Dr. Rakesh Kumar Gupta, Mr. Pramod Goyal, Mr. Harkrishan Punni, Mr. Vijay Vinod, Mr. Sanjeev Aggarwal, Mr. Anurag Arora, Mr. R. Bhai, Mr. Jatinder Garg and Mr. Vipin Singla as Members of the Committee.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee of your Company comprises of Mr. Lalit Kishore Jain as Chairman followed by Munish Sood, Mr. Sukhjiwan Rai, Mr. Ashish Aggarwal, Mr. Vijay Vinod, Mr. Manoj Bhardwaj, Mr. Naresh Sareen and Mr. Vishal Goomber as Members of the Committee.

DEPOSITORY BUSINESS COMMITTEE

The Depository Business Committee of your Company comprises of Mr. Krishan Kant Puri as Chairman followed by Mr. Vishal Goomber, Mr. Sukhjiwan Rai, Mr. Vikas Batra, Mr. Pankaj Kumar, Mr. Mukesh Jain, Mr. Ravi Gupta, Mr. Dhiraj Ghai, Dr. Rakesh Kumar Gupta, Mr. Sudhir Sharma, Mr. Varinder and Mr. Naresh Sareen as Members of the Committee.

7. CONSERVATION OF ENERGY

The Company is engaged in stock broking, depository activities and has no activity pertaining to manufacturing and as such furnishing of details as required under Section 217(1) (e) of the Companies Act, 1956 regarding conservation of energy is not applicable.

8. TECHNOLOGY ABSORPTION

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars In The Report of Board of Directors) Rules, 1988, in respect to technology absorption are nil.

9. FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub section (1)(e) of section 217 of the Companies Act 1956, read with the Companies (Disclosure of Particulars In The Report of Board of Directors) Rules, 1988, in respect to foreign exchange earnings and outgo are nil.

10. PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, none of the employees of the company is in receipt of remuneration, which requires disclosure under the said Section.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors based on the representation received from the operating management, confirm that:

1. The annual accounts presented to the members have been prepared on going concern basis and applicable accounting standards have been followed.
2. In case of any material departures from the applicable accounting standards, proper explanations have been provided.
3. In order to provide a true and-fair view of the state of affairs of the Company for the year ended 31.03.2013, and profits for the year ended on that date reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied.
4. For safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.

12. COMPLIANCE TO ACCOUNTING STANDARDS

The Company during the year has complied with Accounting Standards issued by the Institute of Chartered Accountants of India as applicable to the Company.

13. AUDITORS'

M/s Anoop K. Goel & Co., Chartered Accountants, the Statutory Auditors of the Company, shall retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

14. AUDITORS' REPORT

The Auditors' Report read with Notes on Accounts is self-explanatory and does not call for further comments, as there are no adverse remarks in the Auditors' Report.

15. PERSONNEL

Your Directors place on record their heartiest appreciation for the sincere, devoted and dedicated services rendered by the staff for the smooth functioning of the Company, its growth and implementation of new systems necessitated by the structural changes brought in the Capital Market by SEBI, NSE, BSE and MCX-SX Stock Exchanges from time to time.

16. ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude for the kind co-operation, assistance, and continued support to the Company by the office-bearers, Sub-Brokers, Members and officials of the Ludhiana Stock Exchange Limited, the Ministry of Finance, Central Government, the Securities and Exchange Board of India (SEBI), the Government of Punjab, Local Administration, the National Stock Exchange of India Limited (NSEIL), the Stock Exchange, Mumbai (BSE), MCX-SX Stock Exchange and other Stock Exchanges and their Subsidiary Companies, the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and other business associates. Your Company is deeply grateful to the Shareholders of the Company who has shown their confidence and faith towards the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: LUDHIANA

Date: SEPTEMBER 02, 2013

Sd/-

KRISHAN KANT PURI

CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

To

The Members of

LSE SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **LSE SECURITIES LIMITED**, ("the company") which comprise the Balance Sheet as at **31/03/2013**, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of financial position and financial performance of the company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ("the Act") The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from misstatements.

Audit involves performing procedure to obtain audit evidence about the amounts and disclosure in the financial statements. The procedure selected depend upon auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in case of the Balance Sheet, of the state of affairs of the Company as at **31/03/2013**;
- (b) in case of Profit and Loss Account, of the **Profit** for the year ended on that date; and

Emphasis on Matter

Without qualifying our opinion, we draw attention to note regarding Branch Control Accounts/Clearing House Accounts, of the financial statements, which show un-reconciled amount of Rs. 37518/- & Rs. 348852.63/- respectively, which is under reconciliation. However as an abundant caution a provision has been made by the Company in accounts for these amounts.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statements on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by Law have been kept by the Company so far as appears from our examinations of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, comply with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on **31/03/2013** and taken on record by the Board of Directors, none of the director is disqualified as on **31/03/2013**, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR : ANOOP K. GOEL & CO.

(Chartered Accountants)

Reg No. : 016327N

Date : 02/09/2013

Place : LUDHIANA

ANOOP KUMAR

PARTNER

M.No. : 096966

ANNEXURE TO THE AUDITORS' REPORT

(i). In respect of its fixed assets:

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets have been disposed off during the year, and it has not affected the going concern.

(ii). In respect of its inventories:

The Company's nature of operations does not require it to hold inventories. Accordingly, clause 4(ii) of the Companies (Auditors' Report) Order, 2003 ('the Order') is not applicable. However the company held stock of saleable stationery as at 31-03-2013, valued at cost or net realisable value, whichever is lower.

(iii). In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956.

The Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act, clause 4 (iii) paragraphs (b), (c), (d), (f) and (g) of the Order, are not applicable.

(iv). In respect of internal control

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the Internal control system during the course of the Audit.

(v). In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the Companies Act, 1956

- (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act 1956 are made at price which are reasonable having regard to prevailing market prices at the relevant time.

(vi). In respect of deposits from public

The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

(vii). In respect of internal audit system

In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii). In respect of maintenance of cost records

According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the company.

(ix). In respect of statutory dues

(a) According to the information and explanations given to us, and on the basis of our examination of the books of accounts, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs duty, investor education and protection fund, wealth tax and any other material statutory dues applicable to it.

(b) According to the information and explanation given to us there is no undisputed amounts payable in respect of Income Tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.03.2013 for a period of more than six month from the date they became payable.

(x). In respect of accumulated losses and cash losses

The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi). In respect of dues to financial institution / banks / debentures

Based on our audit procedures and on the information and explanations given by the management, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or banks.

(xii). In respect of loans and advances granted on the basis of security

The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable.

(xiii). In respect of provisions applicable to Chit fund

In our opinion and according to information and explanations given to us the company is not chit fund or a nidhi or mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the company.

(xiv). In respect of dealing or trading in shares, securities, debentures and other investment

The Company is not dealing or trading in shares, securities, debentures and other investments in its own name, but it is a member of BSE, NSE & MCX and trading & dealing in shares, securities, debentures and other investment through its sub-brokers only, the provisions of clause 4(xiv) of the Order are not applicable to the company.

(xv). In respect of guarantee given for loans taken by others

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.

(xvi). In respect of application of term loans

The company has not obtained any term loan, accordingly clause 4 (xvi) of the order is not applicable.

(xvii). In respect of fund used

According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short term basis have been used for long term investment.

(xviii). In respect of preferential allotment of shares

According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Act, accordingly clause 4 (xviii) of the order is not applicable.

(xix). In respect of securities created for debentures

According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures accordingly clause 4 (xix) of the order is not applicable.

(xx). In respect of end use of money raised by public issues

The company has not raised any money from the public during the year under audit. Accordingly, clause 4(xx) of the order is not applicable.

(xxi). In respect of fraud

According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

Place : LUDHIANA
Date : 02/09/2013

FOR : ANOOP K. GOEL & CO.
(Chartered Accountants)
Reg No. : 016327N

ANOOP KUMAR
(Partner)
Membership No : 096966

LSE SECURITIES LIMITED
BALANCE SHEET AS AT 31st MARCH 2013

PARTICULARS	NOTE	Amount in Rs.	
		31 March 2013	31 March 2012
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	64,417,750	65,208,210
(b) Reserves and Surplus	3	90,151,983	89,181,496
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	4	35,210,750	40,725,000
(b) Deferred Tax Liability	5	108,000	224,000
(3) Current Liabilities			
(a) Trade Payables	6	152,659,808	170,824,590
(b) Other Current Liabilities	7	1,983,327,895	1,883,803,144
(c) Short Term provisions	8	9,761,186	3,487,130
TOTAL		2,335,637,374	2,253,453,570
II ASSETS			
Non Current Assets			
(1) (a) Fixed Assets			
Tangible Assets	9	1,730,120	2,564,449
Intangible Assets		134,203	329,348
(b) Non Current Investments	10	10,000	10,000
(c) Long term loans and advances	11	47,993,975	49,942,970
(d) Other Non Current Assets	12	1,562,692	3,665,097
(2) Current Assets			
(a) Current Investments	13	-	3,500,000
(b) Inventory	14	9,976	20,220
(c) Trade Receivables	15	119,393,107	123,248,535
(d) Cash and bank balances	16	249,554,982	253,784,843
(e) Short term Loans and advances	17	5,104,490	2,700,444
(f) Other Current Assets	18	1,910,143,830	1,813,687,664
TOTAL		2,335,637,374	2,253,453,570

Significant Accounting Policies 1.1

See Accompanying Notes to the Financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For Anoop K.Goel & Co.
Chartered Accountants
(Firm Registration No. 016327N)

KRISHAN KANT PURI
Chairman

LALIT KISHORE
Director

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

VARUN MADAAN
Company Secretary

NITIKA JINDAL
Manager-Accounts

Place : LUDHIANA
Date : 02.09.2013

LSE SECURITIES LIMITED				
PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH 2013		Amount in Rs.		
PARTICULARS	NOTE	FOR THE YEAR ENDED 31 March 2013	FOR THE YEAR ENDED 31 March 2012	
I	Revenue from operations	19	21,795,244	29,207,627
II	Other Income	20	25,542,505	25,454,512
III	Total Revenue		47,337,749	54,662,139
IV	Expenses			
	Operating Expenses	21	4,579,103	2,934,014
	Employee Benefit expenses	22	13,241,454	12,471,102
	Finance Cost	23	310,314	135,743
	Depreciation and amortization expenses		1,039,199	1,505,933
	Other expenses	24	13,989,733	12,501,300
	Total Expenses		33,159,804	29,548,092
V	Profit before Tax (III-IV)		14,177,945	25,114,047
VI	Tax Expense :			
	1) Tax Expense for Current Year		4,318,000	7,442,000
	2) Tax relating to prior years		(4,403)	(301,849)
	3) Deferred Tax		(116,000)	(112,000)
VII	Profit for the year (V-VI)		9,980,348	18,085,896
VII	Earning per Share (of Rs. 10 each)			
	Basic		1.55	2.81
	Diluted		1.55	2.81

Significant Accounting Policies 1.1

See Accompanying Notes to the Financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For Anoop K.Goel & Co.
Chartered Accountants
(Firm Registration No. 016327N)

KRISHAN KANT PURI
Chairman

LALIT KISHORE
Director

(ANOOP KUMAR)
PARTNER
MEMBERSHIP NO. 096966

VARUN MADAN
Company Secretary

NITIKA JINDAL
Manager-Accounts

Place : LUDHIANA
Date : 02.09.2013

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1.1 SIGNIFICANT ACCOUNTING POLICIES

• **Accounting Convention**

The accompanying financial statements are prepared and presented under the historical cost convention, on the basis of accounting principles and comply with the Accounting Standard prescribed by Companies (Accounting Standards) Rules 2006, the relevant provisions of the Companies Act, 1956 and the Revised Schedule VI to the Act, which has become effective from the current year. Figures of the previous year have been redrawn to conform to the Revised Schedule VI classification.

• **Revenue Recognition**

a) The Company follows accrual system of accounting in accordance with the normally accepted accounting principles. Income in respect of zero holding depository accounts is accounted for at the time of reasonable certainty of its collection.

b) Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of customers on the trade date and is reflected net of related brokerage expenses and service tax.

c) Interest Income is recognised using time proportion method.

d) Dividend income is recognised when the right to receive payment is established.

• **Fixed Assets**

Fixed assets are stated at historical cost less depreciation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

• **Intangible Assets and Amortization**

Intangible assets of the Company such as software and software licences are amortised on straight line basis over a period of 5 years, being the useful life as estimated by the management, beginning with the year in which the said assets are put to use.

• **Depreciation**

Depreciation is provided on written down value method as per the rates prescribed in schedule XIV of The Companies Act, 1956 on all the assets of the Company. In respect of assets sold, depreciation is provided upto the date of disposal.

• **Inventories**

Inventories are valued at cost or net realizable value whichever is lower and cost for the same is determined on the basis of FIFO Method.

• **Employee Benefits**

DEFINED CONTRIBUTION PLAN

Contributions to Provident Fund and Employees State Insurance are recognized in the accounts as per the statutory requirements under the relevant Act.

DEFINED BENEFIT PLAN

a. **Gratuity:** The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity benefits based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

b. **Leave Encashment:** The eligible employees are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. Company also provides for the encashment of leave subject to rules. The liability is provided on the number of days of unutilised leave at each balance sheet date.

• **Membership Entrance Fee With NSE/BSE**

The Membership Fee paid to NSE/BSE for acquiring trading rights at these Exchanges has been shown under the head Security Deposits in Non-Current Loans & Advances.

• **Investment**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

• **Taxation**

a. Current tax is determined on the profit for the year in accordance with the provisions of the Income tax Act, 1961.

b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

• **Earning Per Share**

The company reports basic and diluted earning per share (EPS) in accordance with accounting standard 20 on "Earnings Per Share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

- **Impairment of Assets**

At each Balance Sheet an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account. The recoverable amount of assets exceeds carrying amount of assets and as such there is no impairment of assets.

- **Margin Money in the Form of FDR,s**

The Company has a procedure of receiving FDRs from its Sub-Brokers/ Clients as margins. Such Fixed Deposits are issued by the Bank in favour of NSCCL A/c LSE Securities Limited in case of NSE and Bombay Stock Exchange Limited A/c LSE Securities Limited in case of BSE. The Company deposits these FDRs with the concerned Stock Exchange as Additional Capital/ Margin Money. The issuing bank credits the interest earned/accrued on such FDRs after deduction of TDS to the account of the concerned Sub-Brokers/ Clients. As such, the interest on such FDRs has not been accrued to the Company's account

- **Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2 SHARE CAPITAL

AUTHORISED

130,00,000 Equity Shares (Previous Year 1,30,00,000 Shares) of Rs 10/- each (Par Value)	130,000,000	130,000,000
20,00,000 8% Cumulative Redeemable Preference Shares of Rs 10/-each (Par Value)	20,000,000	20,000,000
	150,000,000	150,000,000

ISSUED, SUBSCRIBED AND PAID UP

6441775 Equity Shares of Rs.10/- each Fully Paid Up (Previous Year 6441775 Equity Shares of Rs. 10 each)	64,417,750	64,417,750
Nil (Prev. Year - 79046, 8% Cumulative Redeemable Preference Shares of Rs 10/-each)	-	790,460

TOTAL	64,417,750	65,208,210
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Reconciliation of number of shares outstanding

a) Equity Shares

	Number of Shares	Amount	Number of Shares	Amount
Outstanding at the beginning of the year	6441775	64417750	6351275	63512750
Outstanding at the end of the year	6441775	64417750	6441775	64417750

b) Preference Shares

	Number of Shares	Amount	Number of Shares	Amount
Outstanding at the beginning of the year	79046	790460	79046	790460
Outstanding at the end of the year	--	--	79046	790460

Terms / Rights attached to Equity Shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity share will be entitled to receive the remaining assets of the company, after distribution of all preferential amount.

Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company.

	Number of shares	Percentage	Number of shares	Percentage
LUDHIANA STOCK EXCHANGE LTD(Holding Company)	3331075	51.71	3331075	51.71

3 RESERVES & SURPLUS

Securities Premium - As Per Last Year Balance Sheet	4,068,875	4,068,875
Capital Redemption Reserve - Amount Transferred During The Year	790,460	-
General Reserve - As Per Last Year Balance Sheet	5,138,330	5,138,330
Amount Transferred During The Year	249,509	-
	5,387,839	5,138,330

TOTAL	10,247,174	9,207,205
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Surplus in statement of Profit & Loss Account

Opening Balance	79,974,291	68,700,070
Add: Profit for the year	9,980,348	18,085,896
Amount available for appropriation	89,954,639	86,785,966
Less: Tfr to Capital Redemption Reserve	790,460	-
: Tfr to General Reserve	249,509	-
Less: Appropriations:		
Interim Dividend		3,220,888
Proposed Dividend on equity shares	7,730,130	2,576,710
Dividend on preference shares	22,176	63,237
Distribution Dividend Tax	1,257,555	950,840
Closing Balance	79,904,809	79,974,291

Total	90,151,983	89,181,496
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4 Other Long Term Liabilities

Deposits from subbrokers	33,660,750	39,425,000
Deposits with IL&FS for Future Currency received from subbrokers	1,550,000	1,300,000
	35,210,750	40,725,000

5 Deferred Tax Liability (NET)

a) Deferred Tax Liability		
- On account of depreciation of Fixed Assets	144,000	292,000
- On account of Disallowance U/S 40 A(7) of The Income Tax Act 1961	100,000	84,000
	244,000	376,000
b) Deferred Tax Asset		
- On account of Disallowance U/S 43B of The Income Tax Act 1961	(136,000)	(152,000)
	108,000	224,000

6 Trade Payables

Sundry Creditors	152659808	170,824,590
	152,659,808	170,824,590

7 Other Current Liabilities

<u>Deposits from subbrokers</u>		
<u>(Kept with the principal stock exchanges as margins)</u>		
(A) Bombay Stock Limited, Mumbai (BSE)	53,953,506	47,542,843
(B) The National Stock Exchange of India (NSE)	798,998,332	516,857,383
(C) IL&FS	6,477,576	3,003,143
(D) Scrips held on behalf of Clients	1,109,353,456	1,300,753,375
(E) Deposit from DP clients	124,000	95,000
(F) Dp Charges Received in Advance	775,899	782,788
	1,969,682,769	1,869,035,532

Other Payables

Payable to Holding Company (Ludhiana Stock Exchange Limited)	369,725	253,981
Accrued Salaries and benefits	177,762	270,486
Cheques issued but not presented	8,811,666	9,747,066
Expenses Payable	1,248,389	1,555,288
Statutory Liabilities(including Stamp Duty, Tax Deducted at source, Bonus, Service Tax, ESI & EPF)	2,030,828	1,493,456
Other Liabilities	1,006,756	1,442,335
	13,645,126	14,767,612

8 Short Term Provisions

Provision for employee benefits		
Leave Encashment	390,666	418,852
Provision For Doubtful advances	386,371	
Proposed Dividend on Equity Shares	7,730,130	2,576,710
Dividend on Preference Shares	-	63,237
Dividend Distribution Tax	1,254,020	428,331
	9,761,186	3,487,130

LSE SECURITIES LIMITED

9 FIXED ASSETS

AMOUNT IN RUPEES
NET BLOCK

<===== GROSS BLOCK =====> <===== DEPRECIATION =====>

PARTICULARS AS AT 01-04-2012 ADDITIONS 2012 ADJUSTMENT SALE/ AS AT 31-03-2013 AS AT 01-04-2012 FOR THE PERIOD 31-03-2013 REVERSED DURING THE PERIOD 31-03-2013 AS AT 31-03-2013 AS AT 31-3-2012

A) TANGIBLE ASSETS

PARTICULARS	AS AT 01-04-2012	ADDITIONS 2012	ADJUSTMENT	SALE/ AS AT 31-03-2013	AS AT 01-04-2012	FOR THE PERIOD 31-03-2013	REVERSED DURING THE PERIOD 31-03-2013	AS AT 31-03-2013	AS AT 31-3-2012	
FURNITURE & FIXTURES	1454298	0	0	1454298	1070109	69538	0	1139647	384189	
VEHICLES	5865	0	0	5865	5865	0	0	5865	0	
OFFICE EQUIPMENT	27983	0	0	27983	20338	1063	0	21401	7645	
AIR CONDITIONER	246115	0	0	246115	132858	15754	0	148612	113257	
COOLERS	6330	0	0	6330	4384	271	0	4655	1946	
ELECTRONIC EQUIPMENTS	193108	0	0	193108	111940	11290	0	123230	81168	
FANS & ELECTRICAL FITTINGS	56711	1650	0	58361	49437	2662	0	52099	7274	
FIRE FIGHTING EQUIPMENT	49305	0	0	49805	32885	2354	0	35239	16920	
GENERATOR	77497	0	0	77497	54300	3227	0	57527	23197	
GLOW SIGN BOARD	59454	0	0	59454	44053	2142	0	46195	15401	
REFRIGERATOR	7180	0	0	7180	4979	306	0	5285	2201	
TELEPHONE & TELEX	264995	1275	0	266270	174120	13916	0	188036	90875	
VSAT SKYEDGE	78000	0	0	78000	46260	4415	0	50675	31740	
COMPUTERS	19821161	6800	0	19827961	18032525	717116	0	18749641	1788636	
TOTAL - A	22348502	9725	0	22358227	19784053	844054	0	20628107	1730120	25644449

B) INTANGIBLE ASSETS

COMPUTER SOFTWARE & LICENSES	5450335	0	0	5450335	5120987	195145	0	5316132	134203	329348
TOTAL - B	5450335	0	-	5450335	5120987	195145	-	5316132	134203	329348
TOTAL CURRENT YEAR	27798837	9725	0	27808562	24905040	1039199	0	25944239	1864323	2893797

10 Non Current Investments

a) Trade Unquoted 130000 Equity Shares (P/Y 130000 Equity Shares) of Rs. 1 Each of Bombay Stock Exchange Limited	10,000	10,000
	10,000	10,000

11 Long Term Loans and Advances

Unsecured, Considered Good

Security Deposits	47,740,426	48,640,425
Advances to Employees other than Current Maturities	221,487	262,949
Accrued interest on loan to employees other than current maturities	32,062	39,596
Capital Advances	-	1,000,000
	47,993,975	49,942,970

12 Other Non-Current Assets

Planned Gratuity Assets (Net of Gratuity Obligation)	306,816	257,196
Accrued interest on term deposits having remaining maturity more than one	1,255,876	3,407,901
	1,562,692	3,665,097

13 Current investments

a) Non Trade Unquoted

Units of Mutual Funds

- 200000 Units of Rs.10 Each of UTI FMP 03/11-Growth	0	2,000,000
- 788.661 Units of Rs. 1901.9570 of UTI Money Market Fund	0	1,500,000

	-	3,500,000
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14 INVENTORY

Others:-

Saleable Stationery	9,976	20,220
	9,976	20,220

15 Trade Receivables

Outstanding for a period exceeding six months from the due date of payment

-Secured, Considered Good	16,131,869	15,988,215
-Unsecured , Considered Good	10,591,099	10,808,540

	26,722,968	26,796,755
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Others

-Secured , Considered Good	92,232,862	96,326,419
-Unsecured , Considered Good	437,277	125,361

	92,670,139	96,451,780
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Grand Total

	119,393,107	123,248,535
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16 Cash and Bank Balances

Cash and Cash Equivalents

Cash in hand	32,607	32,341
Bank Balances in Current Accounts	25,322,375	28,052,502

	25,354,982	28,084,843
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Other Bank Balances

Non Current

- Term Deposits having remaining maturity of more than one year.(See Note Below)	60,800,000	90,187,961
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Current

- Term Deposits having remaining maturity not more than one year.(See Note Below)	163,400,000	135,512,039
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	224,200,000	225,700,000
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GRAND TOTAL

	249,554,982	253,784,843
--	-------------	-------------

Note : The deposits represent lien marked deposits against margin with major stock exchanges, bank guarantee and bank overdraft limits.

17 Short Term Loans and AdvancesUnsecured, Considered Good

Advances Recoverable in Cash or in kind or for value to be received-	1,402,975	227,828
Accrued interest on current maturities of loan to employees	51,814	21,260
Current Maturity of Advances to employees	427,281	476,064
Prepaid Expenses	456,254	517,233
Advance Income Tax(net of Provision for Tax)	2,766,165	1,458,059
	5,104,490	2,700,444

18 Other Current Assets

Accrued interest on deposits with IL & FS	601,267	583,015
Accrued interest on term deposits having remaining maturity less than one year	10,144,918	7,787,845
Income Tax Refund Receivable	850,898	3,361,128
Cheques deposited but not credited by bank	4,905	-
Margins Collected by IL & FS	16,040,000	14,040,000
Members fdr kept as Margin	523,231,308	372,908,762
Members Scrips kept as Margin	249,917,078	114,253,539
Scrips held on behalf of clients	1,109,353,456	1,300,753,375
	1,910,143,830	1,813,687,664

19 Revenue From OperationsIncome from Services rendered

Turnover Charges (Net)	9,276,698	15,827,970
Depository Income	11,751,536	12,806,101
Other operating revenue		
- Relating to Bombay Stock Exchange Limited, Mumbai	623,550	310,612
- Relating to National Stock Exchange Limited, Mumbai	143,461	262,944
	21,795,244	29,207,627

20 Other Income

Dividend on Non current Investment	780,000	520,000
Dividend on current Investment	874,196	1,850,192
Interest Income	23,041,814	22,355,493
Bad Debts Recovered	107,093	-
Miscellaneous Income	739,402	728,827
	25,542,505	25,454,512

21 Operating ExpensesSTOCK EXCHANGE EXPENSES

- Relating to Bombay Stock Exchange Limited, Mumbai	724,892	438,497
- Relating to National Stock Exchange Limited, Mumbai	1,266,885	969,077
- Relating to Multi Commodity Stock Exchange Limited	1,066,686	15,758
- Depository Expenses	1,520,640	1,510,682
	4,579,103	2,934,014

22 Employee Benefit Expenses

Salaries and Wages	10,810,204	10,456,119
Contribution to provident and other funds	1,248,438	1,201,810
Staff Welfare Expenses	450,058	438,757
Cont to Gratuity Fund	269,980	250,213
Leave Travel Concession	462,774	124,203
	13,241,454	12,471,102

23 Finance Cost

Interest Expenses	69,838	25,643
Other Borrowing Costs	240,477	110,100
	310,314	135,743

24 Other Expenses

Advertisement	20,964	33,654
Auditors' Remuneration		
- Statutory Audit Fee	60,000	60,000
- Out of Pocket Expenses	16,111	9,755
Internal Auditors' Remuneration- Audit Fees	233,200	233,200
Internal Auditors' (Out of Pocket) Expenses	15,114	11,400
System Audit	22,500	15,000
Board Meeting Expenses	23,967	25,312
Bad Debts	-	10,000
Cable TV Expenses	213,075	231,300
Committee meeting expenses	8,647	18,000
Computer Media Charges	27,080	25,750
Computer Maintenance expenses	4,127,489	3,080,832
Electricity Charges	113,984	101,201
Festival Expenses	529,476	442,360
Filing Fees	2,109	14,375
General Expenses	253,558	171,657
Insurance	210,805	195,273
Lease Line charges	64,800	64,800
Legal and Professional Charges	438,754	350,989
Newspapers and periodicals	6,574	6,695
Office expenses	304,134	340,256
Provision For Doubtful Advances	386,371	-
Postage and Courier	475,039	438,663
Printing and stationery	437,399	441,616
Rates and Taxes	377,787	264,495
Rent	4,525,227	4,187,517
Repairs and Maintenance	230,195	814,796
Service Tax	164,685	-
Sitting Fees to Public Representatives	99,096	65,000
Telephone & Communication Charges	424,829	713,826
Travelling and Conveyance-Directors	54,325	21,100
Travelling and Conveyance-others	122,439	112,478
	<u>13,989,733</u>	<u>12,501,300</u>

1.2 NOTES TO ACCOUNTS

The Company has deposited FDRs in its name with National Stock Exchange of India amounting to Rs. 123100000 (Prev. Year Rs. 110400000) and with Bombay Stock Exchange of India amounting to Rs. 26000000 (Prev. Year Rs. 41000000) for Base Minimum/Additional Capital and are shown under the head Fixed Deposit with scheduled banks & RS. 800000 with NSE for FC.

FDR's of Rs. 69300000 (Prev. Year Rs.66493000) have been pledged with HDFC Bank to secured overdraft facilities to the tune of Rs. 5.98 Cr (P/Y 5.98 Cr)

• Secured Debtors

The Sundry Debtors relating to the Clients Trading in Securities through the Company are secured against their securities lying with the Company and under the Clause 15 of the Tripartite Agreement between LSE Securities Limited and its Sub-Brokers and Clients.

• Employee Benefits:

- i) Defined Contribution Plan:
Company contribution to provident fund Rs.952099 (Previous Year Rs.912077)
- ii) Defined Benefit Obligation:

(a) Liability/Asset recognized in the balance sheet

	Defined Benefit Plan Gratuity Funded as on 31.03.2013	Defined Benefit Plan Gratuity Funded as on 31.03.2012
Present value of obligation, beginning	2218630	2016491
Interest cost	177490	161319
Current service cost	237672	258942
Benefits paid	(170661)	(337180)
Actuarial loss on obligations	72836	129446
Present value of obligation, end of the	2535967	2229018
Fair value of plan assets, beginning of	2486214	2257081
Expected return on plan assets	230276	204785
Contributions	296954	361528
Benefits paid	-170661	-337180
Actuarial gain / (loss) on plan assets	0	0
Fair value of plan asset at the end of the year (B)	2842783	2486214
Amount recognized in balance sheet (A-B)	(306816)	(257196)

(b) Expenses during the year

Current service cost	237672	258942
Interest cost	177490	161319
Expected return on plan assets	(230276)	(204785)
Net actuarial (gain)/loss recognized in the year	72836	129446
Expenses recognized in statement of profit & loss	257722	344922

(c) Principal Actuarial Assumptions

	As on 31.03.2013	As on 31.03.2012
Discount Rate	8%	8%
Salary Escalation	7%	7%

There is a difference of Rs. 10388 between opening balance of current year and closing balance of previous year in Gratuity Obligation, as per the certificate obtained from LIC. The difference of Rs. 10388 has been adjusted in the gratuity expenditure debited to Profit & Loss Account.

The leave with wages outstanding as on balance sheet date are expected to be availed in next 12 months, therefore it has been treated as short term employee benefits as per AS-15.

Earnings Per Share

In accordance with Accounting Standard 20- Earnings Per Share prescribed by Companies (Accounting Standards) Rules 2006, the computation of earnings per share is set out below:

	31-03-2013	31-03-2012
a) Face Value per Share	10.00	10.00
b) Net Profit after Tax	9,980,348.00	18,085,896.00
c) Weighted Average No. of shares	6,441,775.00	6,441,775.00
d) Earnings per share (Basic and Diluted)	1.55	2.81

- **Contingent Liability**

The Company has issued a Bank Guarantee to the extent of Rs. 1 Cr in favour of Bombay Stock Exchange Limited against which fdr's amounting to Rs 50 Lacs, as 50% margin, have been pledged with HDFC Bank.

- **Investments**

	31-03-2013	31-03-2012
Aggregate Amount of Investment in Unquoted Mutual Fund		
<u>Current</u>		
Cost	-	3,500,000
Market Value	-	3,764,948

Market Value of Investment in unquoted mutual fund represents the repurchase price of the units issued by the respective Asset Management Company at the NAV declared and applicable for 31st March.

- **Related Party Disclosures - As identified by the management and relied upon by the auditors**

(a) List of related parties and description of relationship

I. Holding company

- Ludhiana Stock Exchange Ltd.

II. Key managerial personnel

Pritpal Singh - Chief General Manager
 Amanpreet Kai - General Manager
 Ashima Arora - AGM cum CS

(a) **Related party transaction**

	Holding Company	Key Managerial Personnel	Total (Figures in Rs.)
Dividend	3997290	-	3997290
Rent (Incl. of Taxes)	4323060	-	4323060
Remuneration	-	1116473	1116473
Total	4323060	1116473	9436823

- **Capital Commitment**

Capital Commitment (Net of Advances) NIL (Previous Year RS 9.40 LACS.)

- **Branch Control Accounts/ Clearing House Accounts**

The branch control accounts have not been tallied/reconciled. There is a difference of Rs. 37,518 which is not material. There is a net balance appearing in clearing house accounts (all segments taken together) of Rs. 348852 (Dr.). As an abundant caution, a provision for doubtful debt of an equal amount has been made in books of accounts

The balances with the parties, both debit & credit are subject to confirmation.

- **Figures of the previous year have been regrouped/rearranged/reclassified to make them comparable with the current year's figures, wherever considered necessary.**

Figures have been rounded off to the nearest rupee value.

LSE SECURITIES LIMITED

REGISTERED OFFICE: SCO 50, 1ST Floor, Sector 34-A

Chandigarh 160 022.

PROXY

I/We _____ of
 _____ in the _____ district of
 _____ being a Member/ Members of M/s. LSE Securities Ltd,
 hereby appoint _____ Mr./Ms. _____ of
 _____ of _____ in the _____ district of
 _____ or failing him, _____ Mr. _____ of
 _____ in the _____ district of _____
 of _____ as my /our proxy to attend & vote for me /us on
 my/our behalf at the 14th Annual General Meeting of the Company, to be held on Saturday, the
 28th day of September, 2013 at 12:30 P.M at Hotel Park View, Sector 24, Near Indira Holiday Home,
 Chandigarh and at any adjournment thereof.

Signed this _____ day of _____ 2013 _____ Signature
 Reference Folio No. _____
 No. of shares _____

Affix 15 paise/- Revenue Stamp

- Notes:
1. The proxy, to be effective, should be deposited at the Registered Office of the Company, SCO 50, 1ST floor, Sector 34-A, Chandigarh 160 022 at least FORTY-EIGHT HOURS before the commencement of the Annual General Meeting.
 2. A Proxy need not be a Member of the Company.